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RUEHKO/AMEMBASSY TOKYO IMMEDIATE 0632

RUEHOT/AMEMBASSY OTTAWA IMMEDIATE 2017

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C O N F I D E N T I A L SECTION 01 OF 02 BERN 000593

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STATE FOR NEA/I, EUR/RPM, EUR/AGS
BAGHDAD FOR POL/MIL, MNSTC-I, MNF-I

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TAGS: MASS MOPS PREL I2 SZ

SUBJECT: SWISS ADOPT RESTRICTIONS ON DISPOSAL OF EXCESS
ARMAMENTS; M-113 APC'S TO IRAQ STILL TOO CONTROVERSIAL

REF: A. BERN 255

1B. BAGHDAD 223

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Classified By: Poloff Eric Lundberg, Reasons 1.4 b/d

1.(C) Summary: The Swiss Federal Council on March 10 adopted a restrictive policy governing which countries can receive excess Swiss armaments. Under the new regulations, the first preference would be to return war materials to the country of origin; second preference would be to sell or donate to countries observing international export regimes (primarily developed countries); the final alternative would be to scrap the items. The Federal Council retains the right of refusal for all transactions. The new policy was formulated in response to last year's controversial proposal to provide M-113 armored personnel carriers to Iraq, via the United Arab Emirates, as well as the UAE's provision of previously Swiss M-109 howitzers to Morocco, without an export license. While the new policy theoretically would permit the USG to buy back excess armaments for provision to other countries, the Swiss Defense Department recommends that the USG hold off on acquiring such items as the M-113s for Iraq until the political atmosphere improves. End summary.

Restricting the sale of excess war materials

2.(C) As reported in Ref A, the Embassy has been in conversation with the Swiss Defense Department's deputy policy director Christian Catrina (protect) over the possible provision of excess Swiss M-113 armored personnel carriers to Iraq. Swiss Defense Minister Samuel Schmid last year had proposed selling about 85 M-113s to the UAE, on behalf of Iraq. However, a political firestorm over the UAE's export (or loan) of previously Swiss M-109 howitzers to Morocco and the inaccurate press description of the M-113s as tanks, prompted the Swiss government to suspend the sale of all armaments to the UAE. The Swiss Parliament's renewed allergy to military sales also undermined Swiss DoD plans to provide M-113s to Pakistani peacekeeping forces. (Note: Switzerland has 340 excess M-113s, 180 of which are available for immediate disposition).

3.(C) Catrina was tasked to draft regulations that would meet the Federal Council's new, restrictive attitude towards the sale of armaments and munitions (non-lethal items are not restricted). Recognizing that the Swiss military would be unable to provide excess material to any nation in conflict, Catrina told DATT and Poloff on March 16 that he did his best to ensure that at least Switzerland's "western" partners -- particularly the United States -- were not excluded. This calculation resulted in the following three alternatives for the disposition of armaments:

-- First option, return (sale or gift) to the country of original manufacture, in which event no further licensing obligation would be required.

-- Second option, sale to countries belonging to all export control agreements, with the provision that the items provided would not be exported or loaned out. These countries include in alphabetical order: Argentina, Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Great Britain, Hungary, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Spain, Sweden, and the United States.

-- Final option, store or scrap the materials.

Federal Council splits 4-3

4.(C) In Catrina's view, the inclusion of option one was crucial, because it would allow such countries as the United States, France, and Germany to re-acquire items previously sold to Switzerland for provision to developing countries like Afghanistan and peacekeeping contributors like Pakistan.

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Catrina said that it was a near-run thing getting option one included. Three out of the seven Federal Council (cabinet) members wanted this option removed; in Catrina's view because they worried that the United States might try to acquire armaments for Iraq. The three opposing members were the two Socialists, Foreign Minister Calmy-Rey and Transport/Energy/Communications Minister Leuenberger, as well as Christian Democrat and Economic Affairs Minister Deiss. Catrina said that the center-right cabinet members (Schmid, Blocher, Merz, and Couchebin) were able to prevail because, under the scheme, the Federal Council retained the right of approval for all military sales.

"Hold off on Iraq"

5.(C) Asked how the USG should proceed with a possible provision of the M-113s to Iraq (Ref B), Catrina (again, protect) recommended that there be no approach in the near future. Iraq remained too controversial, he stressed. While the new regulations ensured that countries of origin would not be required to seek approval for further export of the excess Swiss armaments, all initial transactions would still be subject to Federal Council review. If the USG asked for the M-113s now, he said, it would be obvious that they were bound for Iraq, and the Federal Council would almost certainly deny the transaction, if only to avoid another press/parliamentary onslaught.

6.(C) Catrina envisioned two possible routes toward laying the groundwork for future provisions of excess Swiss war material of U.S.-origin:

-- First request the material for a more acceptable destination country, such as Afghanistan or a UN peacekeeping provider. Then, once the precedent is set, ask on behalf of Iraq.

-- Alternatively, request return of the excess war material with no third destination country. (Comment: Presumably, this would allow the possibility of re-export after a decent interval.)

Comment

7.(C) In drafting the new regulations, the Swiss Defense Department has salvaged some maneuver room out of the zero-tolerance mood that descended upon the Swiss body politic in 2005. Any war materials destined for developing countries will require the middle man of the country of origin (namely France, Germany, the United States), since Switzerland will not provide these directly. Embassy will defer to Washington and Baghdad as to whether the eventual acquisition or donations of 180 M-113s is worth the wait and hassle. If so, some preliminary investigation of the condition of the M-113s could be undertaken prior to an official request. End comment.

Willeford